

DPS4000875A

Renewal of Number

## Mount Vernon Specialty Insurance Company

1170 Devon Park Drive, Wayne, Pennsylvania 19087

A Member Company of Devon Park Specialty Insurance

Home Office Copy

0001

POLICY DECLARATIONS

**No. DPS4000875B**

NAMED INSURED AND ADDRESS:

CHIPPEWA LOFT LLC  
500 N KINGSHIGHWAY BLVD  
SAINT LOUIS, MO 63108

This is evidence of insurance procured and developed under the Missouri Surplus Lines Laws. It is NOT covered by the Missouri Insurance Guaranty Association. This insurer is not licensed by the state of Missouri and is not subject to its supervision.

POLICY PERIOD: (MO. DAY YR.) From: 11/27/2020 To: 11/27/2021

12:01 A.M. STANDARD TIME AT YOUR  
MAILING ADDRESS SHOWN ABOVE

FORM OF BUSINESS: Limited Liability Company

BUSINESS DESCRIPTION: Vacant without Renovation

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE  
WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.  
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	\$18,757.00
Wholesaler Broker Fee	\$100.00
Surplus Lines Tax	\$942.85
TOTAL:	\$19,799.85

Coverage Form(s) and Endorsement(s) made a part of this policy at time of issue

See Endorsement EOD (1/95)

Agent: APPALACHIAN UNDERWRITERS, INC. (1676)  
800 Oak Ridge Turnpike, Suite A 1000  
Oak Ridge, TN 37830

Issued: 12/29/2020 12:12 PM

Broker:

By:

Authorized Representative

UPD (08-07)

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS,  
COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF,  
COMPLETE THE ABOVE NUMBERED POLICY.

## EXTENSION OF DECLARATIONS

0002

Policy No. DPS4000875B

Effective Date: 11/27/2020

12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS

## FORMS AND ENDORSEMENTS

The following forms apply to the Commercial Property coverage part

<i>Endt#</i>	<i>Revised</i>	<i>Description of Endorsements</i>
2110	04/15	Service Of Suit
CP 109	04/15	Functional Building Valuation
CP 110	04/15	"Equipment Breakdown" Enhancement Endorsement
CP 117	04/15	Multiple Deductible Form
CP 141 DEP	04/20	Changes - Actual Cash Value and Depreciation Definition
CP 142	04/15	Protective Devices Or Services Provisions
CP 224	04/15	Asbestos Material Exclusion
CP 225	04/15	Exclusion - Lead Contamination
CP 226	04/15	Absolute Pollution Exclusion – Property
CP 227	04/15	Mold, Fungus, Bacteria, Virus or Organic Pathogen Exclusion
CP 245	09/15	Earth Movement Exclusion
CP 250	04/17	Theft Exclusion
CP0010	06/07	Building And Personal Property Coverage Form
CP0090	07/88	Commercial Property Conditions
CP0128	07/00	Missouri - Calculation Of Additional Premium
CP0321	10/12	Windstorm Or Hail Percentage Deductible
CP0450	07/88	Vacancy Permit
CP1010	06/07	Causes Of Loss - Basic Form
CP1032	08/08	Water Exclusion Endorsement
CP1056	06/07	Sprinkler Leakage Exclusion
IL0017	11/98	Common Policy Conditions
IL0101	08/05	Missouri Changes
IL0935	07/02	Exclusion Of Certain Computer-Related Losses
Jacket MVS	06/20	Policy Jacket
L-367	04/15	Minimum Earned Premium Endorsement
L-395	04/15	Vacant Building Protection Warranty
P 249	04/15	Exclusion of war, military action and terrorism (coverage for certain fire losses)
TRIADN	02/15	Policyholder Disclosure Notice of Terrorism Insurance Coverage

# COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

0003

Policy No. DPS4000875B

Effective Date: 11/27/2020

12:01 STANDARD TIME

## DESCRIPTION OF PREMISES

Prem	Bldg	Location, Construction, Occupancy and Other Information	Territory	Fire Code
1	1	500 N Kingshighway Boulevard, Saint Louis, MO 63108	002	1180
		Description: Vacant Building without Renovation		
		Covered Causes of Loss: Basic Excluding Sprinkler Leakage	Protection Class	1
		Construction: Joisted Masonry	Square Footage:	40000
		Special Deductible: 1%	Special Deductible Type:	Wind and Hail

## COVERAGES PROVIDED - INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN

Prem	Bldg	Coverage	Limits of Insurance	Deductible	Coinsurance % or Monthly Indemnity	+ Valuation	Premium
1	1	Building	\$2,500,000	\$25,000	80%	FBV	\$18,225
1	1	Equipment Breakdown	Included	\$1,000			\$532
MINIMUM PREMIUM FOR PROPERTY COVERAGE PART:							\$782
TOTAL PREMIUM FOR PROPERTY COVERAGE PART:							\$18,757
MP - minimum premium							
+ Valuation: ACV - Actual Cash Value; RC - Replacement Cost; RC/ACV - Replacement Cost/ACV Roof							
FBV - Functional Building Value; AA - Agreed Amount; ALS - Actual Loss Sustained							

LOSS PAYABLE(S): NONE

Coverage Form(s)/Part(s) and Endorsement(s) made a part of this policy at time of issue:

See Endorsement EOD (01/95)

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

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## **Service Of Suit**

Pursuant to any statute of any state, territory or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the Statute, or his successors in office, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured(s) or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the below named as the person to whom the said officer is authorized to mail process or a true copy thereof.

It is further agreed that service of process in such suit may be made upon the General Counsel of the Company, or his nominee, at 1190 Devon Park Drive, Wayne, Pennsylvania 19087 and that in any suit instituted against any one of them upon this policy, the Company will abide by the final decision of such Court or any Appellate Court in the event of an appeal.

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM**

**FUNCTIONAL BUILDING VALUATION**

The information for this endorsement will be shown in the Declarations.

The Limit of Insurance shown in the Declarations is the only limit of insurance applicable to the building described in the Declarations.

With respect to the building described in the Declarations, Section **E. Loss Conditions, 7. Valuation**, items **a.** and **b.**, are deleted in their entirety and replaced with the following:

- a.** If you contract for repair or replacement of the loss or damage to restore the building shown in the Declarations for the same occupancy and use, within one hundred eighty (180) days of the damage, unless we and you otherwise agree we will pay the smallest of the following:
  - 1.** The Limit of Insurance shown in the Declarations as applicable to the damaged building.
  - 2.** In the event of a total loss, the cost to replace the damaged building on the same site with a less costly building that is functionally equivalent to the damaged building.
  - 3.** In the event of a partial loss, the cost to repair or replace the damaged portion of the building with less costly material, if available, in the architectural style that existed before the loss or damage occurred.
  - 4.** The amount you actually spend that is necessary to repair or replace the lost or damaged building with less costly material if available.
- b.** If you do not make a claim under **a.1., a.2., a.3., or a.4.**, above, we will pay the smallest of the following, **1., 2., or 3.:**
  - 1.** The Limit of Insurance shown in the Declarations as applicable to the damaged building;
  - 2.** The “market value” of the damaged building, exclusive of the land value, at the time of loss; or
  - 3.** The amount it would cost to repair or replace the damaged building on the same site, with less costly material in the architectural style that existed before the damage occurred, less allowance for physical deterioration and depreciation.

The following is added to Section **E. Loss Conditions, 7. Valuation**:

If there is other insurance covering the same loss or damage our insurance is excess. But we will not pay more than the applicable Limit of Insurance.

The following Definition is added:

**“Market Value”**, as used in this endorsement, means the price that the property might be expected to realize if offered for sale in a fair market.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
CAUSES OF LOSS –BASIC FORM**

### **“EQUIPMENT BREAKDOWN” ENHANCEMENT ENDORSEMENT**

With respect to “Equipment Breakdown”, this endorsement changes coverage provided by the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17** or **CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18**, whichever is applicable and the **CAUSES OF LOSS - BASIC FORM CP 10 10** and endorsements thereto. Read the entire endorsement carefully to determine rights, duties and what is and is not covered.

Changes to **BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17** or **CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18**, whichever is applicable

The following are added to **F. Additional Conditions:**

**Suspension**

Whenever **Covered Property** is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that **Covered Property** for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- a. Your last known address; or
- b. The address where the property is located.

But if we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**Inspections and Surveys**

- a. We have the right to:
  - (1) Make inspections and surveys at any time; and/or
  - (2) Give you reports on the conditions we find; and/or
  - (3) Recommend changes.
- b. are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public and we do not warrant that conditions:
  - (1) Are safe or healthful; or
  - (2) Comply with laws, regulations, codes or standards.

- c. Paragraphs **a.** and **b.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization, which makes insurance inspections, surveys, reports or recommendations.

**“Green” Environmental and Efficiency Improvements**

If **Covered Property** requires repair or replacement due to an “Equipment Breakdown”, we will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged **Covered Property** with equipment of like kind and quality that qualifies as “Green”. “Like kind and quality” includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the Insured for an accredited professional certified by a “Green Authority” to participate in the repair or replacement of physically damaged **Covered Property** as “Green”.
- c. The additional reasonable and necessary cost incurred by the Insured for certification or recertification of the repaired or replaced **Covered Property** as “Green”.
- d. The additional reasonable and necessary cost incurred by the Insured for “Green” in the removal, disposal or recycling of damaged **Covered Property**.
- e. The business interruption (if covered within the Policy to which this **Equipment Breakdown Enhancement Endorsement – “Green” Environmental and Efficiency Improvements** is attached) loss during the additional time required for repair or replacement of **Covered Property**, consistent with “Green”, in the coverages above.
- f. We will not pay more than one hundred twenty-five percent (125%), to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

These “**Green**” **Environmental and Efficiency Improvements** will be part of, and not an addition to, the limit of liability per loss or any other sub-limits of liability of this policy.

**“Green” Environmental and Efficiency Improvements** is subject to the following conditions:

- a. **Covered Property** does not include stock, raw materials, finished goods, “production machinery”, merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the Insured is legally liable, or personal property of others.
- b. Losses shall not be adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. “Equipment Breakdown” will not cover any loss covered under any other section of this policy.
- d. “Equipment Breakdown” will not cover any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the “Equipment Breakdown”.

Changes to **CAUSES OF LOSS - BASIC FORM CP 10 10**

The following is added to **A. Covered Causes of Loss:**

- 12.** “Equipment Breakdown”, meaning direct damage to **Covered Property** as follows:

“Equipment Breakdown” as used herein means:

- a. Physical loss or damage both originating within:
  - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
    - (a) waste disposal piping; and/or
    - (b) any piping forming part of a fire protective system; and/or
    - (c) furnaces; and
    - (d) any water piping other than:
      - (i) boiler feed water piping between the feed pump and the boiler; or
      - (ii) boiler condensate return piping; or
      - (iii) water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
  - (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
  - (1) Mechanical breakdown; or
  - (2) Electrical or electronic breakdown meaning breakdown from artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires; or
  - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, “Equipment Breakdown” does not mean physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
- (6) The following causes of loss to personal property:
  - (a) dampness or dryness of atmosphere;
  - (b) marring or scratching
- (7) Any accident, loss, damage, cost, claim or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data by any computer system including any hardware, programs or software.

However, we will not pay for any loss, damage, cost or expense under this endorsement for which coverage is provided by the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17 or CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18**, whichever is applicable and the **CAUSES OF LOSS - BASIC FORM CP 10 10** and endorsements thereto.

Section **B. Exclusions, 1.e. Utility Services** is amended to add the following:

**e. Utility Services**

Loss resulting from “Equipment Breakdown” to power or other utility service supplied to the described premises if the failure occurs beyond 1,000 feet from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if failure of power or other utility service results in an “Equipment Breakdown”, we will pay for the loss or damage caused by that “Equipment Breakdown”.

However, we will not pay for any loss, damage, cost or expense under this endorsement for which coverage is provided by the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17 or CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18**, whichever is applicable and the **CAUSES OF LOSS - BASIC FORM CP 10 10** and endorsements thereto.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead the Special Exclusion in paragraph **B.3.a (1)** applies to these coverages.

The following Exclusions are deleted in their entirety:

- 2. a. Electrical Disturbances**
- 2. d. Steam Explosion**
- 2. e. Mechanical breakdown**

**Special Exclusions 3.a.(1)** is deleted in its entirety and replaced with the following:

**3. Special Exclusions**

- a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form**

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.**

However, we will pay for loss resulting in a Business Income or Extra Expense loss due to an “Equipment Breakdown” to covered equipment that occurs on or within 1,000 feet of the described premises.

If the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

However, we will not pay for any loss, damage, cost or expense under this endorsement for which coverage is provided by the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17 or CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18**, whichever is applicable and the **CAUSES OF LOSS - BASIC FORM CP 10 10** and endorsements thereto.

The following **Additional Coverage Extensions** are added:

**1. Expediting Expense**

At our sole discretion, we will pay for the expediting expense loss resulting from an “Equipment Breakdown” causing damage to **Covered Property**. We will pay the “reasonable extra cost” to:

- a. Make temporary repairs; and
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement.

“Reasonable extra cost” shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation which will be a part of and not an addition to the limit shown on the Declarations Page.

## 2. **Refrigerant Contamination**

We will pay for contamination by a refrigerant resulting from “Equipment Breakdown” causing damage to **Covered Property**.

The most we will pay for loss or damage under this coverage is the limit shown in the Declaration for Business Personal Property or \$250,000, whichever is less, unless a higher limit is provided by endorsement. In that case, whichever limit is greater will apply. This payment may be adjusted for salvage expenses or recoveries, if any.

## 3. **Spoilage Coverage**

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by “Equipment Breakdown” to types of property covered by this policy, that are:

- a. located on or within 1,000 feet of the described premises;
- b. owned or used by you, owned by the building owner at the described premises, or owned by a public utility; and
- c. used to supply telephone, electricity, air conditioning, heating, gas, water or steam to the described premises.

However, we will not pay for any loss, damage, cost or expense under this endorsement for which coverage is provided by the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17 or CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM CP 00 18**, whichever is applicable and the **CAUSES OF LOSS - BASIC FORM CP 10 10** and endorsements thereto.

The most we will pay for loss or damage under this coverage is the limit shown in the Declaration for Business Personal Property or \$250,000, whichever is less, unless a higher limit is provided by endorsement. This payment may be adjusted for salvage expenses or recoveries, if any.

Section **E. Definitions**, is amended by addition of the following:

“Green” means products, materials, methods and processes certified by a “Green Authority” that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

“Green Authority” means an authority on “Green” buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), “Green” Building Initiative Green Globes®, Energy Star Rating System or any other recognized “Green” rating system.

“Production machinery” means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUILDERS RISK COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT –OWNERS COVERAGE FORM  
STANDARD FIRE POLICY**

### Multiple deductible form

(fixed dollar deductibles)

#### SCHEDULE\*

The Deductibles applicable to any one occurrence are shown below:

Prem. No.	Bldg. No.	Deductible	Covered Causes of Loss**
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\*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

\*\*For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) All Covered Causes of Loss
- (2) All Covered Causes of Loss **except** Windstorm or Hail
- (3) All Covered Causes of Loss **except** Theft
- (4) All covered Causes of Loss **except** Windstorm or Hail and Theft
- (5) Windstorm or Hail
- (6) Theft
- (7) Water damage

The Windstorm or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than windstorm or Hail occurs, and that loss or damage would not have occurred but for the Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms “specific insurance” and “blanket insurance” have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

## **WINDSTORM OR HAIL DEDUCTIBLE CLAUSE**

### **A. Policies**

1. A Deductible is calculated separately
  - a. to each building, if two or more buildings sustain loss or damage;
  - b. to the building and to personal property in that building, if both sustain loss or damage;
  - c. to personal property at each building, if personal property at two or more buildings sustains loss or damage;
  - d. to personal property in the open.
2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition – Need for Adequate Insurance or Additional Condition – Need for Full Reports.
3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property; In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.

### **B. Calculation of the Deductible – Specific Insurance Other than Builders Risk**

1. Property Not Subject to Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to (as shown in the Schedule) the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

**2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to (as shown in the Schedule) the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a.** If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b.** If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

**C. Calculation of the Deductible – Blanket Insurance other than Builders Risk**

**1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to (as shown in the Schedule) the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

**2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to (as shown in the Schedule) the value(s) of that property as of the time of loss or damage.

**D. Calculation of the Deductible – Builders Risk Insurance**

**1. Builders Risk Other than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to (as shown in the Schedule) the value(s) of that property as of the time of loss or damage.

**2. Builders Risk Reporting Form**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to (as shown in the Schedule) the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a.** If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b.** If the Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) as of the time of loss or damage.

**EXAMPLES – APPLICATION OF DEDUCTIBLE:****Example #1 – Specific Insurance (B.1)**

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is \$2,500

Step (1):  $\$70,000 \div \$80,000 = .875$

Step (2):  $\$60,000 \times .875 = \$52,500$

Step (3):  $\$52,500 - \$2,500 = \$50,000$

The most we will pay is \$50,000. The remainder of the loss \$10,000 is not covered due to the Coinsurance penalty for inadequate insurance (steps (1) and (2) and the application of the Deductible (steps (3)).

**Example #2 – Specific Insurance (B.1)**

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (business personal property in building).

The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property.

The **actual** Limits of Insurance on the damaged property are \$80,000 of the building and \$64,000 on the business personal property (therefore no Coinsurance penalty).

The Deductible is \$5,000

**Building**

Step (1)  $\$60,000 - \$5,000 = \$55,000$

**Business Personal Property**

Step (1)  $\$40,000 - \$5,000 = \$35,000$

The most we will pay is \$90,000. That portion of the total loss not covered due to application of the Deductible is \$10,000.

### **Example #3 – Blanket Insurance (C.1)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is \$5,000.

#### **Building #1**

Step (1):  $\$40,000 - \$5,000 = \$35,000$

#### **Building #2**

Step (1):  $\$20,000 - \$5,000 = \$15,000$

The most we will pay is \$50,000. That portion of the total loss not covered due to application of the Deductible is \$10,000.

### **Example #4 – Blanket Insurance (C.1)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Business Personal Property at Building #1 (\$250,000) and Business Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings #1 and #2 and Business Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Business Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Business Personal Property).

The Deductible is \$5,000.

**Building**

Step (1):  $\$95,000 - \$5,000 = \$90,000$

**Business Personal Property**

The loss, \$5,000, does not exceed the deductible.

The most we will pay is \$90,000. The remainder of the building loss, \$10,000, is not covered due to application of the Deductible. There is no loss payment for the business personal property.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
BUILDERS RISK COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT – OWNERS COVERAGE FORM**

**CHANGES - ACTUAL CASH VALUE AND DEPRECIATION  
DEFINITION**

It is agreed the following **Definitions** are hereby added:

1. “Actual Cash Value” means the cost to repair or replace lost or damaged property with property of similar quality and features. The value of such lost or damaged property shall be reduced by its “depreciation” immediately prior to the loss.
2. “Depreciation” means a decrease in value because of age, wear, obsolescence or market value and includes:
  - a. the cost of materials, labor and services;
  - b. any applicable taxes; and
  - c. profit and overhead;necessary to repair, rebuild or replace lost or damaged property.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy. It takes effect on the effective date of your policy unless another effective date is shown.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
 BUILDERS RISK COVERAGE FORM  
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
 BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
 EXTRA EXPENSE COVERAGE FORM  
 STANDARD PROPERTY POLICY

## Protective Devices Or Services Provisions

### SCHEDULE

Premises Number	Building Number	Protective Safeguard Symbols Applicable	Description of Protective Safeguard
ALL	ALL	P-21	Premises Fully Secured and Locked

The following is added to the policy:

#### A. Protective Safeguards

1. As a condition of this insurance, you are required to have and maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:
  - a. "P-1" Automatic Sprinkler System, including related supervisory services.  
Automatic Sprinkler System means:
    - 1) Any automatic fire protective or extinguishing system, including connected:
      - (a) Sprinklers and discharge nozzles;
      - (b) Ducts, pipes, valves and fittings;
      - (c) Tanks, their component parts and supports; and
      - (d) Pumps and private fire protection mains.
    - 2) When supplied from an automatic fire protective system:
      - (a) Non-automatic fire protective systems; and
      - (b) Hydrants, standpipes and outlets.
  - b. "P-2" Automatic Fire Alarm, protecting the entire building, that is:
    - 1) Connected to a central station; or
    - 2) Reporting to a public or private fire alarm station.
  - c. "P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
  - d. "P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.
  - e. "P-5" Functioning and operational smoke/heat detectors in all units or occupancies.
  - f. "P-6" All Electric is on functioning and operational circuit breakers.

- g. "P-7" Functioning and operational central station burglar alarms with a monitoring contract.
- h. "P-8" Functioning and operational surge protectors on all computer and audio-video equipment.
- i. "P-9" Refrigeration maintenance contract on all refrigeration equipment.
- j. "P-10" Functioning and operational automatic fire suppression system per NFPA 96 on all cooking equipment.
- k. "P-11" Vacant section(s) secured and locked.
- l. "P-12" No candles left burning unattended in the building.
- m. "P-13" Construction site perimeter is protected with a locked fence.
- n. "P-14" Watchman on premises when work not being conducted at the construction site.
- o. "P-15" Any item on a display rack with a sales price of \$250 or more must be affixed with a security sensor or chained and locked to a rack.
- p. "P-16" The building is protected from lightning with an approved NFPA 780 installation.
- q. "P-17" Flammable liquids must be stored in NFPA #30 approved cabinets.
- r. "P-18" No smoking signs must be posted and enforced.
- s. "P-19" No structural work on the load bearing members of the building.
- t. "P-20" Spray booth is installed with UL approved fixtures, lighting and electrical outlets according to NFPA 33.
- u. "P-21" The protective system described in the schedule.
- v. "P-22" All water is turned off unless the building is 100% sprinklered and the system is drained.
- W. "P-23" Maintain heat at a level throughout the building to prevent pipes from freezing.

3. The following is added to the EXCLUSIONS section of:

- a. Causes of Loss - Basic Form
- b. Causes of Loss - Broad Form
- c. Causes of Loss - Special Form
- d. Standard Property Policy

With respect to "P-1", "P-2", "P-3", "P-4", "P-5", "P-6", "P-8", "P-10", "P-11", "P-12", "P-16", "P-17", "P-18", and "P-20" we will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

- (1) Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- (2) Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

With respect to "P-3", "P-7", "P-11", "P-13", "P-14" and "P-15", we will not pay for loss or damage caused by or resulting from vandalism, burglary, theft or any other act of stealing if, prior to vandalism, burglary, theft or any other act of stealing you:

- (1) Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

- (2) Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order. 0023

With respect to “P-6” and “P-8” we will not pay for loss or damage caused by or resulting from “equipment breakdown”, electrical disturbance or expediting expenses as a result of an electrical disturbance if, prior to the “equipment breakdown” you:

- (1) Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- (2) Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

With respect to “P-9” we will not pay for loss or damage caused by or resulting from “equipment breakdown”, spoilage, or expediting expenses as a result of spoilage if, prior to the “equipment breakdown” you:

- (1) Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- (2) Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

With respect to “P-19” we will not pay for loss or damage caused by or resulting from collapse.

With respect to “P-21” we will not pay for loss or damage caused by or resulting from fire, vandalism, burglary, theft or any other act of stealing, “equipment breakdown”, electrical disturbance or expediting expenses as a result of an electrical disturbance, spoilage, or expediting expenses as a result of spoilage, as applicable, if you:

- (1) Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- (2) Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

With respect to “P-22” and “P-23” we will not pay for loss or damage caused by or resulting from “water damage”, if prior to the “water damage” you:

- 1) Know of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- 2) Failed to maintain any protective safeguard listed in the Schedule above and over which you had control in complete working order.

For the purpose of this endorsement “water damage” means:

- 1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam;
- 2) Loss or damage caused by or resulting from freezing.

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

**ASBESTOS MATERIAL EXCLUSION**

It is agreed that this policy does not insure loss or expense resulting from:

- 1) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material.
- 2) any government direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

**EXCLUSION - LEAD CONTAMINATION**

It is agreed that this policy does not apply to, and we will not defend or pay any loss arising, directly out of or indirectly resulting from, based upon or in any way involving the existence of lead in any form.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

**Absolute Pollution Exclusion – Property**

The following supersedes the terms and conditions of this policy. This insurance does not apply:

- 1) to direct physical loss of or damage to Covered Property,
- 2) to your expense to remove debris of Covered Property,
- 3) to any actual loss of Business Income you sustain due to the necessary suspension of your “operations” during the “period of restoration”,
- 4) to any extra expense you incur during the “period of restoration”,
- 5) to damages for the devaluation of property or for the taking, use or acquisition or interference with the rights of others in property or air space,
- 6) to any loss, cost or expense, including but not limited to fines and penalties, arising out of any governmental direction or request, or any private party or citizen action, that an insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize “pollutants”, or
- 7) to any litigation or administrative procedure in which an insured may be involved as a party; arising directly, indirectly, or in concurrence, or in any sequence out of actual, alleged or threatened existence, discharge, dispersal, release or escape of “pollutants”, whether or not such actual, alleged or threatened existence, discharge, dispersal, release or escape is sudden, accidental or gradual in nature.

This exclusion applies even if such “pollutant” has a function in, or is used by you in your business, operations, premises, site or location.

“Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, toxic materials, “volatile organic compound” and gases therefrom, radon, combustion byproducts and “waste.”

“Volatile organic compound” means any compound which discharges organic gases as it decomposes or evaporates, examples of which include but are not limited to formaldehyde, pesticides, adhesives, construction materials made with organic chemicals, solvents, paint varnish and cleaning products.

“Waste” means any property intended to be disposed, recycled, reused or reclaimed by the owner or user thereof.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART**

**MOLD, FUNGUS, BACTERIA, VIRUS OR ORGANIC PATHOGEN  
EXCLUSION**

The following supercedes the terms and conditions of this policy. This insurance does not apply:

- 1) to direct physical loss of or damage to Covered Property,
- 2) to your expense to remove debris of Covered Property,
- 3) to any actual loss of Business Income you sustain due to the necessary suspension of your “operations” during the “period of restoration”,
- 4) to any extra expense you incur during the “period of restoration”,
- 5) to damages for the devaluation of property or for the taking, use or acquisition or interference with the rights of others in property or air space,
- 6) to any loss, cost or expense, including but not limited to fines and penalties, arising out of any governmental direction or request, or any private party or citizen action, that an insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize “organic pathogens”, or
- 7) to any litigation or administrative procedure in which an insured may be involved as a party; arising directly, indirectly, or in concurrence, or in any sequence out of actual, alleged or threatened existence, discharge, dispersal, release or escape of “organic pathogens”, whether or not such actual, alleged or threatened existence, discharge, dispersal, release or escape is sudden, accidental or gradual in nature.

This exclusion applies even if such mold, fungus, bacteria, virus or “organic pathogen” has a function in, or is used by you in your business, operations, premises, site or location.

“Organic pathogen” means any organic irritant or contaminant, including but not limited to mold, fungus, bacteria or virus, including but not limited to their byproduct such as mycotoxin, mildew, or biogenic aerosol.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**CAUSE OF LOSS – BASIC FORM  
CAUSE OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM**

### **Earth Movement Exclusion**

It is agreed that the applicable Cause Of Loss Form(s) attached to your policy are revised as follows:

**CAUSES OF LOSS – BASIC FORM and/or CAUSES OF LOSS – BROAD FORM, Section A. Covered Causes Of Loss, 11.** is deleted in its entirety and replaced with the following:

- 11.** Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
- a.** Airborne volcanic blast or airborne shock waves;
  - b.** Ash, dust or particulate matter; or
  - c.** Lava flow.

With respect to coverage for Volcanic Action as set forth in **11. a., 11.b., and 11.c.**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

**CAUSES OF LOSS – BASIC FORM and/or CAUSES OF LOSS – BROAD FORM, Section B. Exclusions, 1. b. Earth Movement,** is deleted in its entirety and replaced with the following:

**b. Earth Movement**

- (1)** Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2)** Landslide, including any earth sinking, rising or shifting related to such event;
- (3)** Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4)** Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b. (1) through (4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5)** Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

This exclusion applies regardless of whether any of the above, in paragraphs **(1) through (5)**, is caused by an act of nature or is otherwise caused.

**CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions, 1. b. Earth Movement**, is deleted in its entirety and replaced with the following:

**b. Earth Movement**

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b. (1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**CAUSES OF LOSS – BASIC FORM**  
**CAUSES OF LOSS – BROAD FORM**

**THEFT EXCLUSION**

**A. Covered Causes of Loss, Paragraph 8.** is deleted and replaced with the following:

- 8.** Vandalism, meaning willful and malicious damage to or destruction of the described property.

We will not pay for loss or damage to the building or personal property caused by or resulting from theft, attempted theft, larceny, burglary or any other act of stealing whether occurring separately from or concurrently with vandalism, except for building damage at the point of entry into the interior of the building or exiting from the interior of the building by the perpetrators.

All other terms and conditions of this policy remain the same. This endorsement is a part of your policy. It takes effect on the effective date of your policy unless another date is shown.

# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H., Definitions.

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

**b. Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

**c. Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**2. Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;

- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Extract "pollutants" from land or water; or
  - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
  - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

#### (5) Examples

The following examples assume that there is no Coinsurance penalty.

##### EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

##### EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows:  $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$ ; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense ( $\$79,500 + \$30,000 = \$109,500$ ) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

#### **b. Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

#### **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

#### **d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

#### **e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

- (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
  - (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

#### **f. Electronic Data**

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

#### (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
  - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
  - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3) Period Of Coverage**

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

- (a) In or on a vehicle; or
- (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

#### **e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

#### **f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

#### **B. Exclusions And Limitations**

See applicable Causes Of Loss Form as shown in the Declarations.

#### **C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

## D. Deductible

In any one occurrence of loss or damage (herein after referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

### EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building #1:	\$ 60,000
Limit of Insurance – Building #2:	\$ 80,000
Loss to Building #1:	\$ 60,100
Loss to Building #2:	\$ 90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 59,850 Loss Payable – Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

## EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

## E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

### 1. Abandonment

There can be no abandonment of any property to us.

### 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

### 3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

### 4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

## 6. Vacancy

### a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
  - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
    - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
    - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - (a) Vandalism;
  - (b) Sprinkler leakage, unless you have protected the system against freezing;
  - (c) Building glass breakage;
  - (d) Water damage;
  - (e) Theft; or
  - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
  - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
  - (3) Outdoor equipment or furniture.
  - c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
  - d. Glass at the cost of replacement with safety-glazing material if required by law.
  - e. Tenants' Improvements and Betterments at:
    - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
    - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
      - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
      - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

#### F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

#### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

#### EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

**EXAMPLE #2 (ADEQUATE INSURANCE)**

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**EXAMPLE #3**

When:	The value of the property is:	
	Building at Location #1:	\$ 75,000
	Building at Location #2:	\$ 100,000
	Personal Property at Location #2:	<u>\$ 75,000</u>
		\$ 250,000
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$ 180,000
	The Deductible is:	\$ 1,000
	The amount of loss is:	
	Building at Location #2:	\$ 30,000
	Personal Property at Location #2:	<u>\$ 20,000</u>
		\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

## G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

### 1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

### 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

## EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 =$  \$ 3,200

### 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
  - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

#### 4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

#### H. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MISSOURI – CALCULATION OF ADDITIONAL PREMIUM**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY**

- A.** If changes are made to this policy after the beginning of the current policy period, and such changes require an additional premium, the additional premium will be pro rated to recognize the actual period of coverage.
- B. Changes To A Covered Location**  
If changes are made to a location that was covered at the beginning of the current policy period, and those changes require additional premium (e.g., an increase in the limit of insurance), we will calculate the additional premium using the rates and rules which were in effect on the effective date of the current policy period.
- C. Additional Locations**
- 1.** If a location(s) is added to the policy after the beginning of the current policy period, we will calculate the premium for that location(s), including all coverages, options and causes of loss at that location(s), using the rates and rules which are in effect when the location(s) is added.
  - 2.** If changes are subsequently made to a location(s) described in **C.1.** above, and those changes require additional premium, we will calculate the additional premium using the rates and rules which were in effect when the location(s) was added.
- D.** Any additional premium calculated in accordance with this endorsement will be charged in full, whether or not we applied a policywriting minimum premium in developing the premium that was charged at the beginning of the current policy period.

POLICY NUMBER:

COMMERCIAL PROPERTY  
CP 03 21 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## Windstorm Or Hail Percentage Deductible

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM  
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
 STANDARD PROPERTY POLICY  
 TOBACCO SALES WAREHOUSES COVERAGE FORM

### SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

### WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

#### A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
  - a. Each building that sustains loss or damage;
  - b. The personal property at each building at which there is loss or damage to personal property; and
  - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

#### **B. Calculation Of The Deductible – Specific Insurance Other than Builders' Risk**

##### **1. Property Not Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

##### **2. Property Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

#### **C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk**

##### **1. Property Not Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

##### **2. Property Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

#### **D. Calculation Of The Deductible – Builders' Risk Insurance**

##### **1. Builders' Risk Other Than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

##### **2. Builders' Risk Reporting Form**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

#### **Examples – Application Of Deductible**

##### **Example 1 – Specific Insurance (B.1.)**

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1):  $\$70,000 \div \$80,000 = .875$

Step (2):  $\$60,000 \times .875 = \$52,500$

Step (3):  $\$70,000 \times 1\% = \$700$

Step (4):  $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

#### **Example 2 – Specific Insurance (B.1.)**

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

#### **Building**

Step (1):  $\$80,000 \times 2\% = \$1,600$

Step (2):  $\$60,000 - \$1,600 = \$58,400$

#### **Personal Property**

Step (1):  $\$64,000 \times 2\% = \$1,280$

Step (2):  $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

#### **Example 3 – Blanket Insurance (C.1.)**

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000) and Building 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit Of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building 1) and \$20,000 (Building 2).

The Deductible is 2%.

#### **Building 1**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$40,000 - \$10,000 = \$30,000$

#### **Building 2**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

#### **Example 4 – Blanket Insurance (C.1.)**

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

#### **Building**

Step (1):  $\$500,000 \times 5\% = \$25,000$

Step (2):  $\$95,000 - \$25,000 = \$70,000$

#### **Personal Property**

Step (1):  $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## VACANCY PERMIT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
STANDARD PROPERTY POLICY

### SCHEDULE

Prem. No.	Bldg. No.	Excepted Causes of Loss		Permit Period		Effective Date
		Vandalism	Sprinkler Leakage	From	To	
1	1		X	11/27/2020	11/27/2021	11/27/2020

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. The VACANCY Loss Condition does not apply to direct physical loss or damage:

1. At the locations; and
2. During the Permit Period;

shown in the Schedule or in the Declarations.

B. This Vacancy Permit does not apply to the Excepted Causes of Loss Indicated in the Declarations or by an "X" in the Schedule.

## CAUSES OF LOSS – BASIC FORM

### A. Covered Causes Of Loss

When Basic is shown in the Declarations, Covered Causes of Loss means the following:

1. Fire.
2. Lightning.
3. Explosion, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:
  - a. Rupture, bursting or operation of pressure-relief devices; or
  - b. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
4. Windstorm or Hail, but not including:
  - a. Frost or cold weather;
  - b. Ice (other than hail), snow or sleet, whether driven by wind or not; or
  - c. Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.
5. Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.
6. Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the described property or with the building or structure containing the described property. This cause of loss includes loss or damage by objects falling from aircraft.  
We will not pay for loss or damage caused by or resulting from vehicles you own or which are operated in the course of your business.
7. Riot or Civil Commotion, including:
  - a. Acts of striking employees while occupying the described premises; and
  - b. Looting occurring at the time and place of a riot or civil commotion.
8. Vandalism, meaning willful and malicious damage to, or destruction of, the described property.  
We will not pay for loss or damage caused by or resulting from theft, except for building damage caused by the breaking in or exiting of burglars.
9. Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.  
If the building or structure containing the Automatic Sprinkler System is Covered Property, we will also pay the cost to:
  - a. Repair or replace damaged parts of the Automatic Sprinkler System if the damage:
    - (1) Results in sprinkler leakage; or
    - (2) Is directly caused by freezing.
  - b. Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.  
Automatic Sprinkler System means:
    - (1) Any automatic fire-protective or extinguishing system, including connected:
      - (a) Sprinklers and discharge nozzles;
      - (b) Ducts, pipes, valves and fittings;
      - (c) Tanks, their component parts and supports; and
      - (d) Pumps and private fire protection mains.
    - (2) When supplied from an automatic fire-protective system:
      - (a) Non-automatic fire-protective systems; and
      - (b) Hydrants, standpipes and outlets.

10. Sinkhole Collapse, meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

11. Volcanic Action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

## B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

### a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

### b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;

- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or Volcanic Action, we will pay for the loss or damage caused by that fire or Volcanic Action.

## c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

## d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

## e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

#### **f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

#### **g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

#### **h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from:
  - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
    - (1) Electrical or electronic wire, device, appliance, system or network; or
    - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

  - (a) Electrical current, including arcing;
  - (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
  - (c) Pulse of electromagnetic energy; or
  - (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

- c. Leakage or discharge of water or steam from any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System), unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss. But we will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.  
But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion.
- e. Mechanical breakdown, including rupture or bursting caused by centrifugal force.  
But if mechanical breakdown results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

### 3. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

#### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or

- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period of Indemnity Optional Coverage or any variation of these.

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

#### b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

- (2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

### c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance Or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

#### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

#### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

### C. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in C.2. and C.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- a. A Covered Cause of Loss other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under C.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **b.** of Covered Causes Of Loss **9.**, Sprinkler Leakage.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.
  - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

#### **D. Limitation**

We will pay for loss of animals only if they are killed or their destruction is made necessary.

#### **E. Definitions**

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WATER EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**A.** The exclusion in Paragraph **B.** replaces the **Water** Exclusion in this Coverage Part or Policy.

**B. Water**

- 1.** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- 2.** Mudslide or mudflow;
- 3.** Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- 4.** Water under the ground surface pressing on, or flowing or seeping through:
  - a.** Foundations, walls, floors or paved surfaces;
  - b.** Basements, whether paved or not; or
  - c.** Doors, windows or other openings; or
- 5.** Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **1.**, **3.** or **4.**, or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **5.**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **1.** through **5.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

POLICY NUMBER:

COMMERCIAL PROPERTY  
CP 10 56 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****SPRINKLER LEAKAGE EXCLUSION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM  
CAUSES OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM**SCHEDULE**

Premises Number	Building Number
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**SPRINKLER LEAKAGE**

Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

But if Sprinkler Leakage results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- B.** Under Exclusion **1.g.**, Water, the last paragraph is replaced by the following:

But if Water, as described in the paragraphs above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- C.** Exclusions **2.b.** and **2.c.** in the Causes Of Loss – Basic Form are replaced by the following:

We will not pay for loss or damage caused by or resulting from:

- b.** Rupture or bursting of water pipes unless caused by a Covered Cause of Loss.

- c.** Leakage or discharge of water or steam from any part of a system or appliance containing water or steam, unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss. But we will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- D.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, leakage from fire extinguishing equipment is deleted from Paragraph **2.a.**

- E.** Exclusion **2.g.**, in the Causes Of Loss – Special Form, is replaced by the following:

We will not pay for loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

F. Under **Limitations** in the Causes Of Loss – Special Form, Item 4. is replaced by the following:

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if:

a. The damage is directly caused by freezing; and

b. You do your best to maintain heat in the building or structure, or you drain the equipment and shut off the supply if the heat is not maintained.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

G. In the Causes Of Loss – Special Form, leakage from fire extinguishing equipment is deleted from the "specified causes of loss".

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
  - c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MISSOURI CHANGES**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 CAUSES OF LOSS FORM – FARM PROPERTY  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM LIABILITY COVERAGE FORM  
 FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS  
 LIVESTOCK COVERAGE FORM  
 MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the terms Coverage Form and Coverage Part in this endorsement are replaced by the term Policy.
- B.** If partial loss ("loss") or damage to Covered Property is caused by or results from fire, Paragraph **a.**, of the **Loss Payment** Loss Condition is replaced by the following:
- LOSS PAYMENT**
- In the event of partial loss ("loss") or damage caused by or resulting from fire, and covered by this Coverage Part, at your option, we will either:
1. Pay you an amount of money equal to the damage done; or
  2. Repair the damage, so that the property is in as good a condition as before the fire.
- But we will not pay more than the Limit of Insurance.
- C.** The following provision replaces:
1. Paragraph **c.** of the **Loss Payment** Loss Condition in the Commercial Property Coverage Part;
  2. Paragraph **d.** of the **Loss Payment** Loss Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions and Paragraph **c.** of the **Loss Payment** Loss Condition in the Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form; and
  3. Paragraph **c.** of the **Loss Payment** Loss Condition in the Capital Assets Program (Output Policy) Coverage Part:
- In the event of loss ("loss") or damage covered under this Coverage Part, we will give you notice, within 15 working days after we receive a properly executed proof of loss, that we:
1. Accept your claim;
  2. Deny your claim; or
  3. Need more time to determine whether your claim should be accepted or denied.
- If we deny your claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.
- If we need more time to determine whether your claim should be accepted or denied, the written notice will state the reason(s) why more time is needed.
- If we have not completed our investigation, we will notify you again in writing, within 45 days after the date the initial notice is sent informing you that we need more time to determine whether your claim should be accepted or denied and thereafter every 45 days. The written notice shall state why more time is needed to investigate your claim.

- D. Except as provided in E. below, the **Appraisal Loss Condition** is replaced by the following:

#### **APPRAISAL**

If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written demand for an appraisal of the loss ("loss"). In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, we or you may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after the umpire receives the appraisers' submissions of their differences. A decision agreed to by any two will be binding.

Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

- E. The **Appraisal Condition** in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30**;
2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**; and
3. Capital Assets Program Coverage Form (Output Policy), **OP 00 01**, Paragraph **A.7. Business Income And Extra Expense**;

is replaced by the following:

#### **APPRAISAL**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, we or you may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or the amount of loss. If they fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after the umpire receives the appraisers' submissions of their differences. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

- F. The **Legal Action Against Us Condition** is replaced by the following:

#### **LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 10 years after the date on which the direct physical loss ("loss") or damage occurred.

- G. Paragraph F. above does not apply to the:

1. **Legal Action Against Us** Loss Condition in the Legal Liability Coverage Form;
2. **Legal Action Against Us** Condition applicable to Coverages **C** and **D** in the Mortgageholders Errors And Omission Coverage Form; or
3. **Legal Action Against Us** Loss Condition in the Farm Liability Coverage Form.

- H. **Missouri Property And Casualty Insurance Guaranty Association Coverage Limitations**

1. Subject to the provisions of the Missouri Property and Casualty Insurance Guaranty Association Act (to be referred to as the Act), if we are a member of the Missouri Property and Casualty Insurance Guaranty Association (to be referred to as the Association), the Association will pay claims covered under the Act if we become insolvent.
2. The Act contains various exclusions, conditions and limitations that govern a claimant's eligibility to collect payment from the Association and affect the amount of any payment. The following limitations apply subject to all other provisions of the Act:
  - a. Claims covered by the Association do not include a claim by or against an insured of an insolvent insurer, if the insured has a net worth of more than \$25 million on the later of the end of the insured's most recent fiscal year or the December thirty-first of the year next preceding the date the insurer becomes insolvent; provided that an insured's net worth on such date shall be deemed to include the aggregate net worth of the insured and all of its affiliates as calculated on a consolidated basis.

- b. Payments made by the Association for covered claims will include only that amount of each claim which is less than \$300,000.

However, the Association will not:

- (1) Pay an amount in excess of the applicable limit of insurance of the policy from which a claim arises; or
- (2) Return to an insured any unearned premium in excess of \$25,000.

These limitations have no effect on the coverage we will provide under this policy.

- I. For the Commercial Property Coverage Part, the following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:

- 1. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

- 2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and the loss arose out of domestic violence. Such coverage will be provided only if the innocent co-insured files a police report and completes a sworn affidavit indicating both:

- a. The cause of the loss; and
- b. A pledge to cooperate in any criminal prosecution of the person committing the act causing the loss.

- 3. If we pay a claim pursuant to Paragraph **I.2.**, our payment to the innocent co-insured will be limited to that insured's ownership interest in the property as reduced by any payment to a mortgagee or other secured interest; however, we shall not be required to make any subsequent payment for any loss for which the innocent co-insured has received payment. In no event will we pay more than the Limit of Insurance.

- J. The **Intentional Loss Exclusion** in the Causes Of Loss Form – Farm Property, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:

- 1. We will not pay for loss ("loss") or damage arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss ("loss").

In the event of such loss ("loss"), no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss ("loss").

- 2. However, this exclusion will not apply to deny coverage to an innocent co-"insured" who did not cooperate in or contribute to the creation of the loss ("loss"), provided the loss ("loss") is otherwise covered under this Coverage Form and the loss ("loss") arose out of domestic violence. Such coverage will be provided only if the innocent co-"insured" files a police report and completes a sworn affidavit indicating both:

- a. The cause of the loss ("loss"); and
- b. A pledge to cooperate in any criminal prosecution of the person committing the act causing the loss ("loss").

- 3. If we pay a claim pursuant to Paragraph **J.2.**, our payment to the innocent co-"insured" will be limited to that insured's ownership interest in the property as reduced by any payment to a mortgagee or other secured interest; however, we shall not be required to make any subsequent payment for any loss ("loss") for which the innocent co-"insured" has received payment. In no event will we pay more than the Limit of Insurance.

- K. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Loss Condition:

If we pay an innocent co-"insured" for loss ("loss") arising out of an act of domestic violence by another "insured", the rights of the innocent co-"insured" to recover damages from the abuser are transferred to us to the extent of our payment. Following the loss ("loss"), the innocent co-"insured" may not waive such rights to recover against the abuser.

- L. Paragraph **K.** above does not apply to the **Transfer Of Rights Of Recovery Against Others To Us** Loss Condition in the Farm Liability Coverage Form.

- M.** The following is added with respect to the Additional Coverages of Debris Removal and Pollutant Clean Up And Removal, and relates only to the requirement to report expenses to us within 180 days of the specified occurrence:

If you fail to report the expenses to us within the 180-day timeframe, such failure will not invalidate a claim under Debris Removal or Pollutant Clean Up And Removal unless such failure operates to prejudice our rights.

- N.** When the:

1. Replacement Cost Optional Coverage in the Commercial Property Coverage Part;
2. **Valuation** Loss Condition in the Capital Assets Program (Output Policy);
3. Coverage **A Valuation** Loss Condition in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form; or
4. **Valuation – Property Other Than Improvements And Betterments** Loss Condition in the Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form;

applies, the following is added with respect to these provisions and relates only to the requirement to notify us of your intent to submit an additional claim (for the difference between the actual cash value and replacement cost) within 180 days after the loss or damage occurs:

If you fail to notify us of your intent within the 180-day timeframe, such failure will not invalidate the claim unless such failure operates to prejudice our rights.

- O.** For the Capital Assets Program (Output Policy) Coverage Part, the following exclusion and related provisions are added to Paragraph **C.2. Exclusions**:

1. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and the loss arose out of domestic violence. Such coverage will be provided only if the innocent co-insured files a police report and completes a sworn affidavit indicating both:

- a. The cause of the loss; and

- b. A pledge to cooperate in any criminal prosecution of the person committing the act causing the loss.

3. If we pay a claim pursuant to Paragraph **O.2.**, our payment to the innocent co-insured will be limited to that insured's ownership interest in the property as reduced by any payment to a mortgagee or other secured interest; however, we shall not be required to make any subsequent payment for any loss for which the innocent co-insured has received payment. In no event will we pay more than the Limit of Insurance.

- P.** The **Transfer Of Your Rights And Duties Under This Policy** Common Policy Condition is replaced by the following:

**1. Transfer By Beneficiary Deed**

If you convey real property insured under this policy to a person (known as a grantee beneficiary) designated under a beneficiary deed, which has been properly recorded prior to your death, that person will have your rights and duties with respect to the insured real property, but only for the period from the date of your death until the first of the following occurs:

- a. A period of 30 days from the date of your death;
- b. The date that alternative coverage is obtained on your property; or
- c. The end of the policy period as shown in the Declarations.

**2. Transfer By Other Means Following Death**

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties, but only with respect to that property. Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
    - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.



## **MOUNT VERNON SPECIALTY INSURANCE COMPANY**

A NON-PARTICIPATING STOCK COMPANY

1170 Devon Park Drive  
Wayne, PA 19087-2191  
CUSTOMER SERVICE: (844) 438-6775  
DEVONPARKSPECIALTY.COM

# **INSURANCE**

# **POLICY**

This policy jacket together with the policy declarations, coverage forms and endorsements, if any, complete this policy.

The enclosed declarations designates the issuing company.

## INSURANCE POLICY


Read your policy carefully!

**In Witness Whereof**, the company has caused this Policy to be executed and attested. Where required by law, this Policy shall not be valid unless countersigned by a duly authorized representative of the company.

Treasurer



Chief Executive Officer



This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
COMMERCIAL UMBRELLA POLICY  
EXCESS LIABILITY POLICY**

### **MINIMUM EARNED PREMIUM ENDORSEMENT**

In the event of cancellation of this policy by the insured, a Minimum Earned Premium of twenty-five percent (25%) of the total premium shall become earned.

Failure to make timely payments will be considered a request by you for us to cancel your policy. In the event of such cancellation for non-payment of premium, the greater of the Pro-rata or Short-Rate premium (whichever is applicable) and the Minimum Earned Premium shall be retained as consideration for the coverage provided.

In the event of cancellation by us, the Earned Premium shall be computed on a Pro-Rata basis, and will not be subject to the Minimum Earned Premium.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This Endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
COMMERCIAL UMBRELLA POLICY  
EXCESS LIABILITY POLICY**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### **Vacant Building Protection Warranty**

The Insured acknowledges that this Policy was issued based on the following representation and warranty. Furthermore, the Insured agrees to maintain the following Warranty for the entire term of the Policy and any renewals thereof, as a condition of coverage.

In consideration of the payment of premium and the issuance of this Policy by the Company, the Insured represents and warrants that:

1. All windows, doors and passageways for ingress and egress to a building or portion of a building covered by this Policy of insurance that is vacant or partially vacant are and shall remain fully secured and protected from all forms of unauthorized entry.

All other terms and conditions remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE FORM  
BUILDERS' RISK COVERAGE FORM  
CONTRACTORS' EQUIPMENT COVERAGE FORM  
INSTALLATION FLOATER COVERAGE FORM  
MISCELLANEOUS ARTICLES COVERAGE FORM**

**Exclusion of war, military action and terrorism  
(coverage for certain fire losses)**

If the Policy to which this endorsement is attached contains an exclusion for War, that exclusion is deleted in its entirety and replaced with the following. If the Policy to which this endorsement is attached does not contain an exclusion for War, the exclusion below applies.

**A. WAR AND MILITARY ACTION**

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

1. War, including undeclared or civil war;
2. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

**B. TERRORISM**

We will not pay for loss or damage caused directly or indirectly by terrorism, including action in hindering or defending against an actual or expected incident of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

The following exception to this exclusion is applicable:

If an act of "terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

Terrorism means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
  - a. Use or threat of force or violence;
  - b. Commission or threat of a dangerous act; or
  - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:

- a. The effect is to intimidate or coerce a government, or to cause chaos among the civilian population or any segment thereof, or to disrupt any segment of the economy;  
or
- b. It is reasonable to believe that the intent is to intimidate or coerce a government, or to seek revenge or retaliate, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

But with respect to any such activity that also comes within the terms of the War And Military Action Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

# POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

0074

You are hereby notified that under the Terrorism Risk Insurance Act ("the Act"), as amended you have a right to purchase insurance coverage for losses arising out of acts of terrorism. As defined in Section 102(1) of the Act : The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that any coverage for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is provided below and does not include any charges for the portion of loss covered by the federal government under the Act.

Coverage for "insured losses", as defined in the Act, is subject to the coverage terms, conditions, amounts and limits in this policy applicable to losses arising from events other than acts of terrorism.

You should know that the Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement, as well as insurers' liability, for losses resulting from certified acts of terrorism, when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

You should also know that, under federal law, you are not required to purchase coverage for losses caused by certified acts of terrorism.

## REJECTION OR SELECTION OF TERRORISM INSURANCE COVERAGE

Please "X" one of the boxes below and return this notice to the Company.

<b>X</b>	I decline to purchase Terrorism Coverage. I understand that I will have no coverage for losses arising from acts of Terrorism.
	I elect to purchase coverage for certified acts of Terrorism for a premium of \$938

Note: if you do not respond to our offer and do not return this notice to the Company, you will have no Terrorism Coverage under this policy.

On File with the Company

Applicant Name (Print)

Signature on File with the Company

Authorized Signature

CHIPPEWA LOFT LLC

Named Insured

On File with the Company

Date